DEMAND XXV—CINCHONA.

* The hon. Mr. A. Y. G. CAMPBELL :—" On the recommendation of His Excellency the Governor, I move—

'*that the Government be granted a sum not exceeding Rs.* 2·10 *lakhs under XXV—Cinchona.*' "

The demand was put to the House and carried and the grant was made.

DEMAND XXVI—INDUSTRIES.

* The hon. Mr. M. R. SETURATNAM AYYAR :—" On the recommendation of His Excellency the Governor I move

'*that the Government be granted a sum not exceeding Rs.* 14·58 *lakhs under Demand XXVI—Industries* '."

Mr. SAMI VENKATACHALAM CHETTI :—" I move, Sir,

'*to reduce the allotment of Rs.* 1,41,600 *for direction by Rs.* 100 *to discuss the delay in deciding the fate of the Carnatic Paper Mills, Rajahmundry.*'

" Mr. President, the House has been refreshed with information regarding the manner in which the Government have been dealing with the Carnatic Paper Mills. If credit can be taken by the Government of Madras for having done anything under the State Aid to Industries Act, it is only in respect of the subvention which the Government made some time ago to the paper mills. But as in the case of several other things, the Government have been very parsimonious in this matter. The possibility of a paper industry in this Presidency has been very well demonstrated by investigations made by experts of Government. Mr. Rait who investigated the question has spoken very highly of the possibilities for that industry in this country. On his recommendation and on the recommendation of the Director of Industries assisted by a board consisting of officials and non-officials of the Legislative Council, a loan of Rs. 6 lakhs was sanctioned for the Carnatic Paper Mills some time ago The Government no doubt granted that loan but in granting that, they stipulated a condition that the amount should be paid in liquidation of debts which were pressed on the Carnatic Paper Mills Hon. Members were even then aware that after the amount granted by Government was completely utilized for liquidating the debts, the company would still be short of funds for working expenses. If the Government were really anxious and solicitous to improve the industries of the country, they should have treated the application of the Carnatic Paper Mills with much more generosity than they had done. Owing to this niggardly help, the paper mills, on account of the pressure of other unsatisfied creditors and also on account of the shortage of funds for carrying on their work, were obliged to reduce the working limit. Subsequently another application was made by the paper mills, and that application was supported by the Director of Industries under the State Aid to Industries Act. This application was made so early as 1925 for Rs. 3,03,000. It is a pity that the Government should be still wasting time without disposing of this application. Having regard to the fact that as much as 16 lakhs were invested by the shareholders and the public in this company, and having regard to the fact that we are anxious that the industries in this country should be encouraged and supported, it is really

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very regrettable that the Government should have not decided upon the question of giving further relief to the Carnatic Paper Mills. Not only did they not pass orders upon its application, but also went to the extreme length of taking possession of these mills, with perhaps the intention of disposing of them so as to recover the amount already advanced by the Government. The Government in taking possession of these mills and in collecting the amount they had advanced are clearly looking at the matter from a commercial and money-lender's point of view instead of being anxious to improve and encourage the Indian industries.

"Far from acting in the manner in which they have done, they ought to have gone to the rescue of the directors of the mills and should have given them ample encouragement to see that the paper mills are placed on a better footing. However cleverly the Government might have evaded answering questions put from this side of the House in respect of this question, it is obvious that the Government are contemplating to sell the concern to another firm dealing in the same article. If there is anything to be avoided in this matter, it is that of avoiding the sale of this concern to a competor. I may also state and I continue to believe it unless it is flatly denied by the Government, that a gentleman connected with a paper concern in northern India has been deputed to investigate the commercial possibilities of this concern. Not that the Government are unware of the sure contingency of an unfavourable report in this matter, but it looks as though they are inviting an unfavourable report by deputing an officer employed in a rival concern to investigate the commercial possibilities of the concern." 4-45 p.m.

* The hon. the PRESIDENT :—"I suggest to the hon. Member to bring his remarks to a close soon, so that the Minister and the Finance Member may have time to reply."

Mr. SAMI VENKATACHALAM CHETTI :—"Of course it is quite open to Government to investigate, but our only anxiety is that they should only go to the rescue of this concern in a liberal manner and see that this is put on a firm footing. It may be a losing concern and Government are not unacquainted with such concerns as the Russellkonda Saw Mills. Therefore, having regard to the recommendation made by the Committee on State Aid to Industries and also to the pressure brought to bear on Government by non-official members, the Government should pay due regard to those recommendations."

* The hon. Mr. M. R. SETURATNAM AYYAR :—"Fortunately or unfortunately as some hon. Members put it I have taken charge only recently and as I find from connected papers, the matter is a very complicated and intricate one, I could not come to a conclusion all at once. No doubt I am having an open mind and will give my serious consideration to this matter. That is the only thing I can say at present and nothing more."

* The hon. the PRESIDENT :—"Does the hon. Finance Member propose to say anything ?"

* The hon. Mr. T. E. MOIR :—"I should prefer to speak after hearing other hon. Members who may wish to speak, as otherwise, there will be no one else to answer on behalf of Government."

Mr. K. V. R. SWAMI :—"Mr. President, Sir, what has happened to this concern is this. This is of course a very rare industry, so far as this province is concerned. A gentleman of this city happened to go into the matter

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and he started a mill at Rajahmundry. The people were so much interested in the matter and wanted to support the industry that they subscribed to the extent of 16 lakhs and the directors borrowed another 4 lakhs more and invested the whole amount of 20 lakhs in the concern. They were trying to find more money but unfortunately difficulties cropped up and the directorate tried to get help from one quarter or the other. While the matter stood thus, it was thought hopeless to expect help from outside and the Government was approached and they promised help in the matter. The directorate at first thought that the Government were sincere in their offer of help and that they were not going to sell it up or put obstructions in the way and destroy the industry altogether. My charge in this matter is that Government from the very beginning wanted to destroy this industry altogether. My first reason is that when the Government promised to lend 4 lakhs they made it a condition precedent that it should be paid to the previous creditors. When the grant was given in those circumstances nothing was left to be utilised for running expenses of the concern, that being so, no one would lend money because the Government had become the first mortgagee. Of course the Government went into the matter fully and were satisfied that it was a very good and paying concern. My hon. Friend, the Secretary to the Development Department, knows that it is a good concern and he is not free to speak out his own mind. The Government are also aware that Mr. Rait gave his opinion on every point concerning this mill. He said that the present site was the best location for the mill; that it was a good concern where bamboo industry could be tried. That gentleman was anxious that the experiment should be tried, especially because we were threatened with paper famine. Now the whole money is gone. If they had only given 3 lakhs more the concern would have been going on very well, but they do not want to lend money, and they have now wasted two years in considering whether 2 or 3 lakhs could be lent, and they made it a condition that whenever they liked they would step in and altogether take possession of the mill, sell or mortgage it or do anything they liked, so that they might kill the industry at any moment, and show to the world that Indians were not fit to carry on any industry; that industries cannot be carried out in this country; that this is a hopeless country and so the people should not trust these adventurers. On account of the failure of this industry several other industries have also failed, because the people lost their faith in the industrial capacity of Indians. That is what Mr. Moir, the Finance Member, wanted to demonstrate to the country. Now, what is Government's aim? When certain questions were asked they were saying that it was not true that a European firm is transacting the business, that it was not the aim of Government to sell this concern to a European firm and that the whole question was before the Government. Their aim is to sell the mill to a European firm. It is true that negotiations are being carried on through an Indian agent of a European firm. They want to sell it to a European firm and they have got everything ready in regard to this. The Finance Member has got everything ready in his private chest. He has got the necessary opinions also ready. He has got the opinion of a rival concern the Titaghur Paper Mills that this mill would not work at all and that it must be sold. I correct myself and say that he has got everything ready in his secret chest and not his private chest. Now the paper industry has been given a good start. The Tariff Board put a tariff on foreign paper and they also recommended that a sum of 10 lakhs should be given to this

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concern. With all that, the Government do not want to give it. They are contemplating to sell it away before we meet again. Now, there is a sum of 4 lakhs sanctioned for loans under the State Aid to Industries Act. We are requesting the hon. the Finance Member and also the new Minister for Development to help the industry. The new Minister pleads ignorance and I sympathise with his position. I only request him not to play into the hands of the Finance Member who wants to sell it to a European firm and destroy Indian industry, but to care for the prestige of Indian industry. The Finance Member wants to destroy the industry and show to the world that Indians are not capable of starting any industry at all, and in that game I only request the new Minister not to join."

* The hon. Mr. T. E. Moir :—" Mr. President, if it had been possible in these few minutes at my disposal I should have attempted to make more clear to this House the position with reference to this particular enterprise, but the last Member who spoke has chosen to bring against me in this House, knowing that at the most I would have only five minutes to speak, an accusation of a most offensive character, an accusation which if it were true would debar me from being a Member of this House or occupying the position which I now hold. There is no time at my disposal to say more and to give an emphatic denial to those accusations. They are accusations which the hon. Member has neither ground nor reason to make. He accuses me of having manœuvred over this business and of abusing my position in order to favour an attack upon the industrial enterprise by Indians and to act in the interests of European firms. That is the accusation which he has chosen to make against me from that bench. I only hope that he will take the first opportunity to repeat that accusation outside this House."

The motion was by leave withdrawn.

The demand was then put to the House and carried and the grant was made.

* The hon. the President :—" It being 5 o'clock, I shall now put the outstanding demands to the vote of the House.' 5 p.m.

DEMAND XXVII—FISHERIES.

" The question is that Government be granted a sum not exceeding Rs. 7·85 lakhs under Demand XXVII—Fisheries."

The demand was put to the House and carried and the grant was made.

DEMAND XXVIII—LABOUR INCLUDING FACTORIES.

* The hon. the President :—" The question is that Government be granted a sum not exceeding Rs. 20·38 under Demand XXVIII—Labour including Factories."

The demand was put to the House and the grant was made.

DEMAND XXIX—CIVIL WORKS (GRANTS-IN-AID).

* The hon. the President :—" The question is that Government be granted a sum not exceeding Rs. 68·35 lakhs under Demand XXIX—Civil Works (Grants-in-Aid)."

The demand was put to the House and the grant was made.

DEMAND XXX—CIVIL WORKS (TRANSFERRED).

* The hon. the PRESIDENT :—" The question is that Government be granted a sum not exceeding Rs. 138·55 lakhs under Demand XXX—Civil Works (Transferred)."

The demand was put to the House and the grant was made.

DEMAND XXXI—PENSIONS.

* The hon. the PRESIDENT :—" The question is that Government be granted a sum not exceeding Rs. 56·99 lakhs under Demand XXXI—Pensions."

The demand was put to the House and the grant was made.

DEMAND XXXII—STATIONERY (FOR RESERVED DEPARTMENTS) AND PRINTING.

* The hon. the PRESIDENT :—" The question is that Government be granted a sum not exceeding Rs. 17·62 lakhs under Demand XXXII—Stationery (for Reserved Departments) and Printing."

The demand was put to the House and the grant was made.

DEMAND XXXIII—STATIONERY (FOR TRANSFERRED DEPARTMENTS).

* The hon. the PRESIDENT :—" The question is that Government be granted a sum not exceeding Rs. 3·10 lakhs under Demand XXXIII—Stationery (for Transferred Departments)."

The demand was put to the House and the grant was made.

DEMAND XXXIV—AGENCY TRACTS.

* The hon. the PRESIDENT :—" The question is that Government be granted a sum not exceeding Rs. 28·04 lakhs under Demand XXXIV—Agency Tracts."

The demand was put to the House and the grant was made.

DEMAND XXXV—EXPENDITURE IN ENGLAND OTHER THAN ON STORES.

* The hon. the PRESIDENT :—" The question is that the Government be granted a sum not exceeding Rs. 4·63 lakhs under Demand XXXV—Expenditure in England other than on Stores."

The demand was put to the House and the grant was made

DEMAND XXXVI—LOANS AND ADVANCES BY PROVINCIAL GOVERNMENT.

* The hon. the PRESIDENT :—" The question is that Government be granted a sum not exceeding Rs. 78·96 lakhs under Demand XXXVI—Loans and Advances by Provincial Government."

The demand was put to the House and declared lost.

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The hon. Sir Norman Marjoribanks demanded a poll and the House divided as follows:—

Ayes.

1. The hon. Sir Norman Marjoribanks.
2. „ Khan Bahadur Muhammad Usman Sahib Bahadur.
3. „ Mr. T. E. Moir.
4. „ Mr. A. Y. G. Campbell.
5. „ Mr. M. R. Seturatnam Ayyar.
6. „ Mr. S. Muthiah Mudaliyar.
7. „ Dr. P. Subbarayan.
8. Diwan Bahadur P. Kesava Pillai.
9. Rao Bahadur C. V. Anantakrishna Ayyar.
10. Mr. F. B. Evans.
11. „ H. A. Watson.
12. „ G. T. Boag.
13. „ A. McG. C. Tampoe.
14. „ S. H. Slater.
15. „ C. B. Cotterell.
16. „ P. J. Gnanavaram Pillai.
17. „ R. Foulkes.
18. „ A. B. Shetty.
19. „ J. Bheemayya.
20. „ V. Ch. John.
21. „ Mahmud Schamnad.
22. Subadar-Major Nanjappa Bahadur.
23. Mr. T. M. Narayanaswami Pillai.
24. „ N. Sivaraj.
25. „ M. V. Gangadhara Siva.
26. Rao Sahib L. C. Guruswami.
27. Mr. V. I. Muniswami Pillai.
28. „ W. P. Soundarapandia Nadar.
29. „ M. A. Manikkavelu Nayakar.
30. Sir James Simpson.
31. Mr. K. Kay.
32. „ W. O. Wright.
33. „ C. R. T. Congreve.
34. „ A. T. Luker.
35. Rajkumar S. N. Dorai Raja.
36. Mr. S. Arpudaswami Udayar.
37. The Zamindar of Kallikota.
38. Mr. G. R. Premayya.
39. Swami A. S. Sahajanandam.
40. Rao Sahib R. Srinivasan.
41. Syed Tajudin Sahib Bahadur.
42. Mr. V. Ramjee Rao.
43. The Raja of Ramnad.
44. The Zamindar of Seithur.
45. Mr. T. C. Srinivasa Ayyangar.
46. Rao Bahadur Sir A. P. Patro.
47. Diwan Bahadur M. Krishnan Nayar.
48. Diwan Bahadur P. C. Ethirajulu Nayudu.
49. Mr. T. K. Chidambaranatha Mudaliyar.
50. „ Abdul Razack Sahib.
51. „ Kadir Mohidin Sahib.
52. „ T. M. Moidoo Sahib.
53. „ K. Sarabha Reddi.

Noes.

1. Mr. C. D. Appavu Chettiyar.
2. „ Sami Venkatachalam Chettiyar.
3. „ T. Adinarayana Chettiyar.
4. „ P. Anjaneyulu.
5. „ C. S. Govindaraja Mudaliyar.
6. „ C. N. Muthuranga Mudaliyar.
7. „ Abdul Hamid Khan.
8. „ K. V. R. Swami.
9. Mr. K. P. V. S. Muhammad Meera Ravuttar.
10. „ M. Narayana Rao.
11. „ C. Ramasomayajulu.
12. „ Basheer Ahmad Sayeed.
13. „ P. Bhaktavatsulu Nayudu.
14. „ K. Koti Reddi.
15. „ C. Venkatarangam Nayudu.

Ayes 53. *Noes* 15.

The motion was carried and the grant made.

Diwan Bahadur P. KESAVA PILLAI :—" Neutral, Sir ? "

* The hon. the PRESIDENT :—' Not necessary.'

IV

PROROGATION OF THE COUNCIL.

The hon. the PRESIDENT :—" I have now to announce to the House that I have received the following message from His Excellency the Governor :

In pursuance of section 2 of Clause 72-B of the Government of India Act I, Viscount Goschen, Governor of Madras, do hereby prorogue the session of the Madras Legislative Council at the conclusion of its business on the 30th March 1928."

R. V. KRISHNA AYYAR,
Secretary to the Legislative Council.